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Art 11

This is to reiterate our conversation of April 2, 1985, regarding the need to file a Notification and Report Form for Certain Mergers and Acquisitions.

The facts that we discussed were that our client's corporation, person "A", is purchasing a subsidiary corporation, X, from person "B". "A" will receive 100% of the voting securities of X for \$4 million, payable to "B". X has only one class of stock, all voting common. "A" will acquire no shares of "B" other than the shares of X, nor any assets of "B".

It is our understanding that based on the above information, the transaction qualifies for a \$802.20 exemption. As that section is construed, "A" will acquire (1) less than \$15 million in total amount of voting securities and assets of "B", and (2)(i) less than \$15 million worth of assets of "B", and (ii) voting securities which confers control of an issuer that has less than \$25 million in annual net sales or total assets.

For the purposes of this sale, corporation X will undergo a full audit on April 30, 1985. The purchase price of \$4 million will be adjusted depending upon the outcome of the audit. Although it can be argued that this will not constitute a "regularly prepared" statement of income and expense, or balance sheet, pursuant to CFR §801.11, there is at least an issue as to

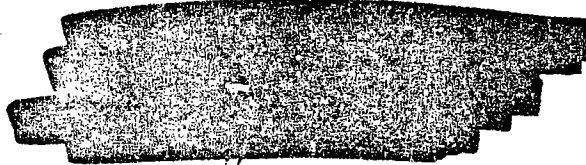

Mr. Wayne Kaplan
April 2, 1985
Page Two

whether a filing is required in the unlikely event that annual net sales or total assets exceed \$25 million for the year ending April 30, 1985.

The results of the audit are not anticipated to be obtainable until July, 1985. By that time the transaction shall be complete.

In the event the audit for the period ending April 30, 1985 indicates that the asset values or the annual net sales exceed the thresholds, we will of course reconsider the above. If you disagree with any of the foregoing, please contact the undersigned immediately. Thank you very much for your courtesies.

Very truly yours,

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OK upon letter review
3/9/87
W.E.K.